



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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NEWS RELEASE

FOR RELEASE June 13, 2007

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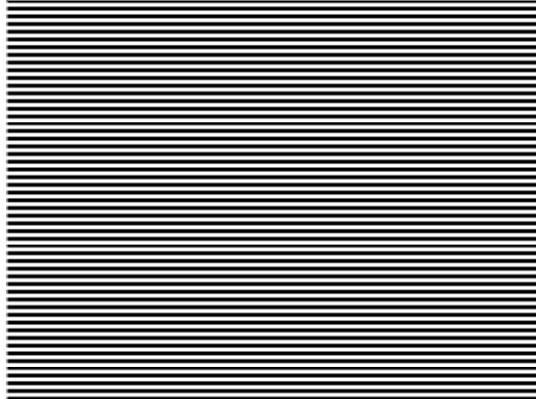
Auditor of State David A. Vaudt today released a report on the Iowa College Student Aid Commission for the year ended June 30, 2006.

The Commission is responsible for guaranteeing loans made by eligible lenders to eligible students and administering the program. The Commission is also responsible to establish an effective system for the collection of delinquent loans.

Vaudt recommended the Commission improve controls over lender monitoring. The Commission responded that corrective action is being implemented.

A copy of the report is available for review in the Iowa College Student Aid Commission, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA COLLEGE STUDENT AID COMMISSION**

JUNE 30, 2006

Office of

**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



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June 8, 2007

To Karen Misjak, Executive Director
of the Iowa College Student Aid Commission:

The Iowa College Student Aid Commission is a part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2006.

In conducting our audits, we became aware of an aspect concerning the Commission's operations for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on the following page. We believe you should be aware of this recommendation which is reported in the State's Single Audit Report. This recommendation has been discussed with Commission personnel and their response to the recommendation is included in this report.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa College Student Aid Commission, citizens of the State of Iowa and other parties to whom the Iowa College Student Aid Commission may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Commission during the course of our audits. Should you have questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audits of the Commission are listed on page 5 and they are available to discuss these matters with you.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Chester J. Culver, Governor
Charles J. Krogmeier, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

June 30, 2006

Finding Reported in the State's Single Audit Report:

CFDA Number: 84.032 – Federal Family Education Loans

Agency Number: None

Federal Award Year: 2006

State of Iowa Single Audit Report Comment: 06-III-USDE-284-1

Lender Monitoring – 34 CFR 682.410 requires the Commission to conduct a comprehensive biennial on-site program review of their largest lending institutions. The Commission contracted with an independent audit firm in 2003 and 2005 to perform these reviews. However, the independent audit firm did not use the correct audit guide and did not perform on-site program reviews. As a result, the U.S. Department of Education is requiring the Commission to reperform the 2003 and 2005 lender reviews.

Recommendation – The Commission should reperform the 2003 and 2005 program reviews and ensure all future lender reviews are conducted in accordance with 34 CFR 682.410.

Response and Corrective Action Planned – The Commission has recently terminated their Lender and School Review contract with the independent audit firm and will be moving this responsibility in-house. We will be working to complete both the 2003 and 2005 biennial cycle for our largest lenders by December 31, 2007

Conclusion – Response accepted.

Report of Recommendations to the Iowa College Student Aid Commission

June 30, 2006

Staff:

Questions or requests for further assistance should be directed to:

Michelle Meyer, CPA, Manager
Selina V. Johnson, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on the audits include:

Michelle L. Harris, Staff Auditor
Karen J. Kibbe, Staff Auditor
Michael P. Piehl, Staff Auditor
Jennifer L. Wall, Staff Auditor
Shannan M. Hoffman, Assistant Auditor
Sharon Stickrod, Assistant Auditor